



South Carolina Department of Insurance

300 Arbor Lake Drive, Suite 1200
Columbia, South Carolina 29223

Mailing Address:
P.O. Box 100105, Columbia, S.C. 29202-3105
Telephone: (803) 737-6223

MARK SANFORD
Governor

ELEANOR KITZMAN
Director of Insurance

Press Release

**July 3, 2006
For Immediate Release**

**Contact: Ann Roberson
Phone: 803-737-6207**

South Carolina Department of Insurance Issues Statement Regarding Florida Select

The South Carolina Department of Insurance disclosed today that Florida Select Insurance Company ("Florida Select" or "the Company") had been placed into rehabilitation by the State of Florida on Friday, June 30, 2006. Florida Select writes homeowners' and dwelling fire policies in Florida and South Carolina.

The order of rehabilitation names the Florida Department of Insurance Regulation as Receiver of Florida Select for purposes of rehabilitation. The order does not call for the cancellation of any existing policies and the Company has not been ordered to discontinue writing new policies. Under an order of rehabilitation, the Receiver steps into the shoes of an insurer experiencing financial difficulty and attempts to conserve and administer the assets of the insurance company to determine if it can be returned to a position of financial strength.

Director Eleanor Kitzman stated that "We are working closely with the Florida Department of Insurance Regulation to ensure that South Carolina policyholders are treated fairly and equitably. We are also conducting our own investigation and analysis and will take whatever steps necessary to make certain that South Carolina policyholders are fully protected. There has been no finding of insolvency, so we have no reason to believe that Florida Select will be unable to pay its claims at this time. In the unlikely event that the Company cannot pay its claims, South Carolina policyholders are covered by the South Carolina Property & Casualty Insurance Guaranty Fund."

Director Kitzman acknowledged that the potential loss of a coastal property insurer could worsen an already tight market for property insurance in the coastal areas of South Carolina. "I am hopeful that Florida Select will be successfully rehabilitated and will continue to be a viable market for South Carolina consumers. The Department is continuing its efforts to recruit new insurers to South Carolina and is working with existing insurers to increase the availability of coastal property insurance. I am confident these efforts will pay off and that coverage will continue to be available for South Carolina consumers," Kitzman said.

"Insurers experiencing some financial problems are often put into rehabilitation. Through the rehabilitation process, regulators will attempt to conserve and administer the assets of the insurance company in hope of its eventual return to financial strength."

Should you have any questions concerning this press release, please contact Ann Roberson, Public Information Officer at 803-737-6207.

###